



Weekly Market Update

January 14, 2011

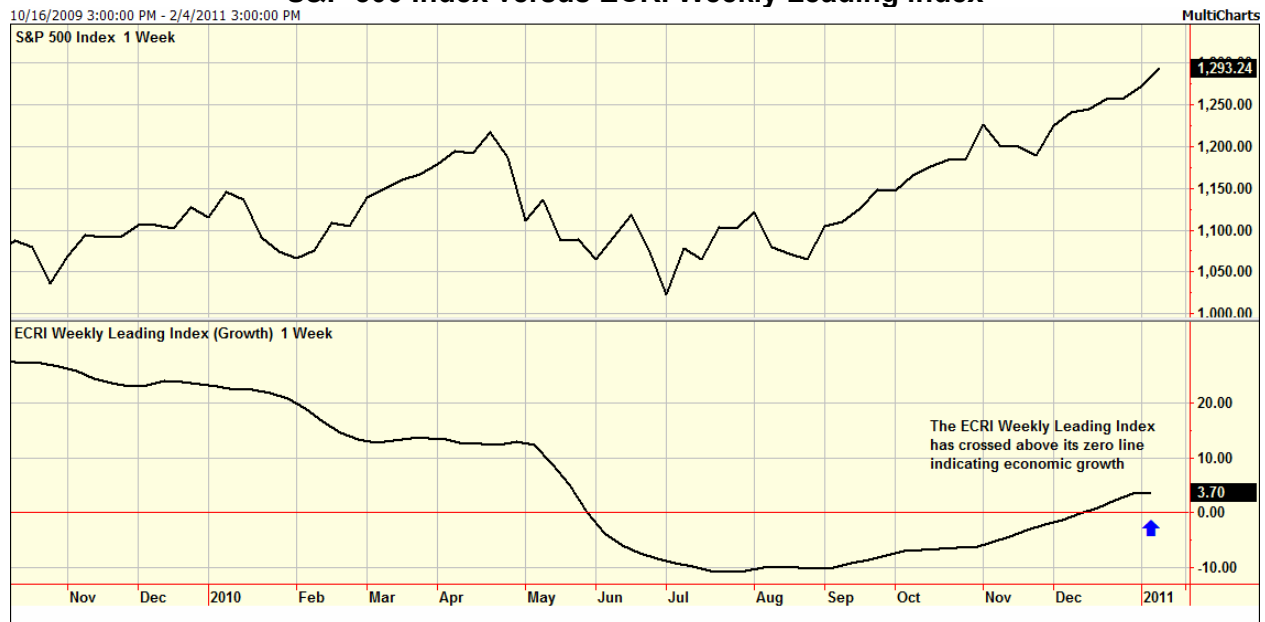
CURRENT ALERT: Stock Index Fund
ALERT ISSUE DATE: December 23rd, 2010
UPDATED: January 14th, 2011 at 7:00 PM CST

U.S. stocks continued their unrelenting rise this week with the Dow Jones Industrial Average gaining 113 points and the broader based S&P 500 Index adding nearly 22 points. Sales at U.S. retail stores rose in December for the sixth straight month, according to the U.S. Department of Commerce, resulting in the biggest annual gain since 1999. Retail sales expanded 0.6% in December as consumers bought more goods mainly from online retailers, drug stores and building-supply companies. Retail sales are closely watched by investors and economists for signs of whether the economy is expanding or contracting

since consumer spending is by far the largest contributor to the U.S. economy.

This week's rise in the major market indexes was confirmed, once again, by an increase in the Economic Cycle Research Institute's Weekly Leading Index (see chart below). ECRI is regarded by many economists as the world's leading forecaster of economic downturns and recoveries. The ECRI Weekly Leading Index indicates economic growth whenever it crosses above its zero line as it did back on December 23rd, 2010.

S&P 500 Index versus ECRI Weekly Leading index



The S&P 400 Midcap Index closed above its 2007 closing high and above its all time closing high this week. This is an important development since midcap

stocks make up the majority of the issues traded on the New York Stock Exchange.

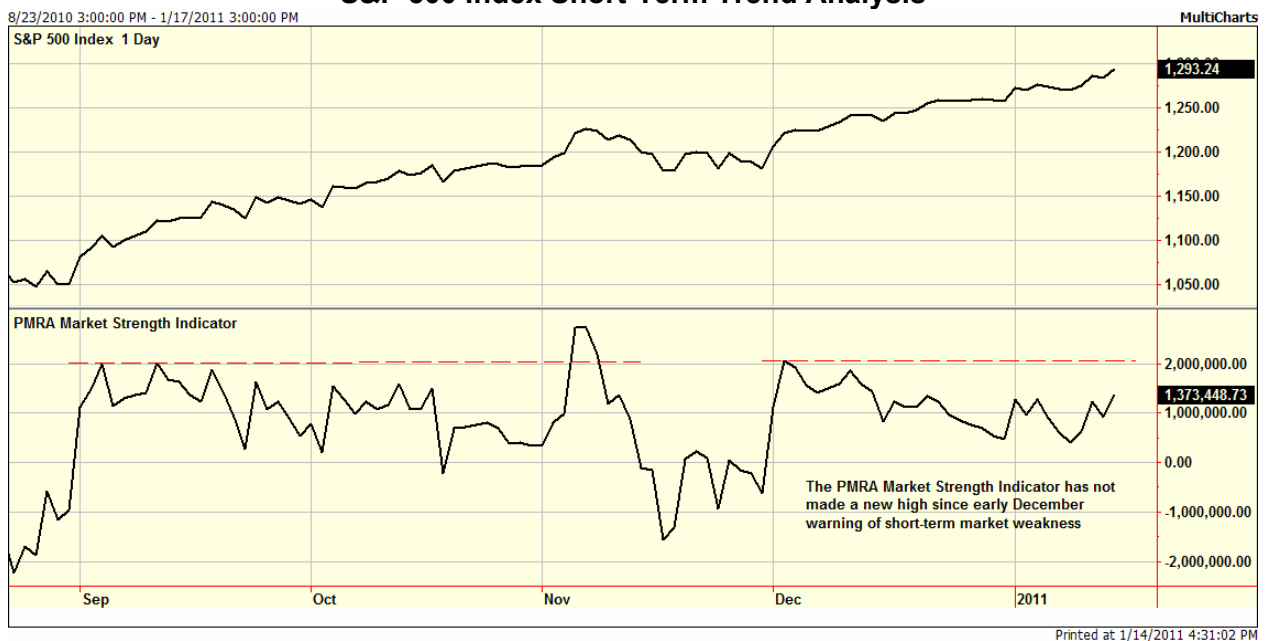
S&P 400 Midcap Index



On our system's daily chart of the S&P 500 Index (which tracks the short-term trend of the stock market) the PMRA Market Strength Indicator has not made a new high since the beginning of December warning that a short-term correction may be brewing. If a short-

term correction does occur it should be relatively mild since the Lowry's Selling Pressure Index indicates that there has been a lack of selling activity since the July 2010 bottom.

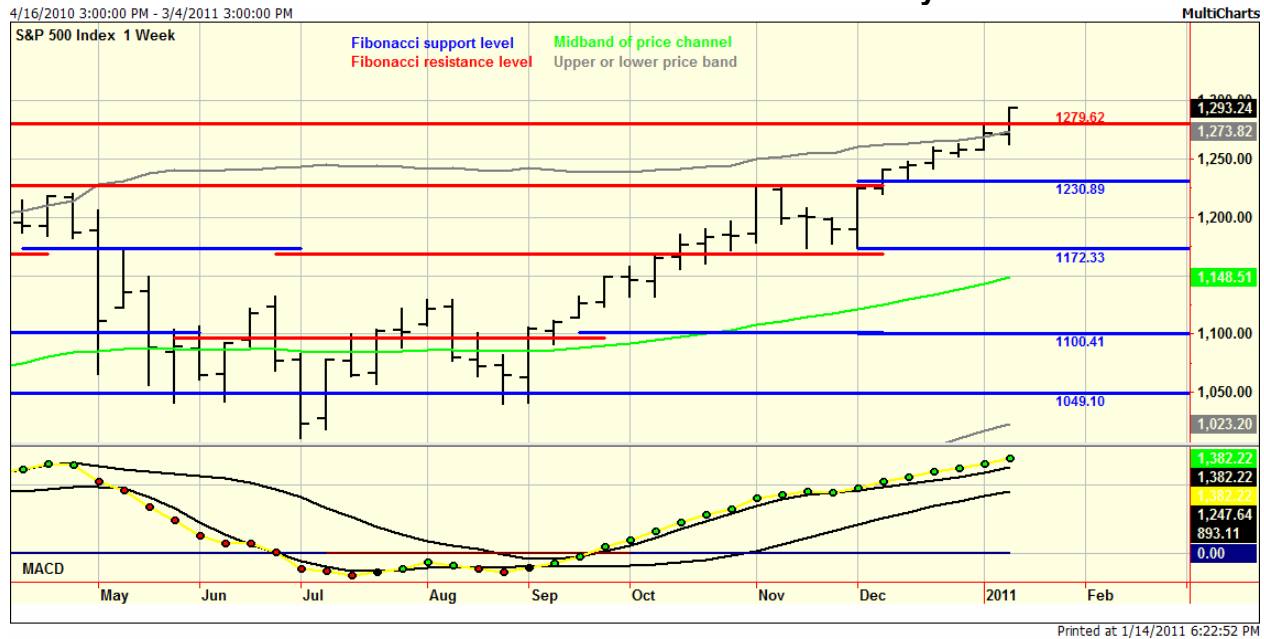
S&P 500 Index Short-Term Trend Analysis



On our system's weekly chart (which tracks the intermediate-term trend of the stock market) the S&P 500 Index closed well above the upper price band (currently at 1,273.82) and broke through Fibonacci

resistance at the 1,280 level. If a short-term correction does emerge support should be provided by previous Fibonacci resistance at the 1,280 level.

S&P 500 Index Intermediate-Term Trend Analysis



On our system's monthly chart, which tracks the long-term (and strongest) trend of the stock market, the 1,230 level should serve as solid support if a short-term correction materializes. The midband on this

chart is green indicating that we are clearly in the midst of a bull market. The MACD dot on this chart remains well above the zero line adding further evidence in favor of the bulls.

S&P 500 Index Long-Term Trend Analysis

